

**CATHOLIC CHARITIES OF CENTRAL AND NORTHERN MISSOURI  
JEFFERSON CITY, MISSOURI**

**REPORT TO THE BOARD OF DIRECTORS**

**June 30, 2017**



CPAs and  
Management Consultants

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December 6, 2017

Board of Directors  
Catholic Charities of Central and Northern Missouri

We have audited the financial statements of Catholic Charities of Central and Northern Missouri for the year ended June 30, 2017, and have issued our report thereon dated December 6, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 5, 2017. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Catholic Charities of Central and Northern Missouri are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2017. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Certain expenses such as salaries and benefits have been allocated among the organization's programs and supporting services based on management's estimate of the programs and supporting services benefited.

Management's estimate of the fair value of donated materials is based on the market values published by the Salvation Army and other sources for similar items.

The financial statement disclosures are neutral, consistent, and clear.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The following summarizes misstatements detected as a result of audit procedures that were corrected by management:

- Decrease beginning unrestricted net assets and decrease expenses by \$135 to agree net assets to prior year audited financial statements.
- Increase depreciation expense and accumulated depreciation by \$2,246 for vehicles.
- Increase loss on disposal of asset and decrease equipment by \$9,891 for the disposal of software.
- Increase accounts receivable and decrease cash by \$24,350 for Lay retirement.
- Increase revenue and expenses by \$172,386 for in-kind donations.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 6, 2017.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of Catholic Charities of Central and Northern Missouri and is not intended to be, and should not be, used by anyone other than these specified parties.

*Kubler, Eck & Beachell LP*

St. Louis, Missouri  
December 6, 2017



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The Board of Directors  
Catholic Charities of Central and Northern Missouri  
Jefferson City, Missouri

In planning and performing our audit of the financial statements of Catholic Charities of Central and Northern Missouri (Catholic Charities) as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered Catholic Charities' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Catholic Charities' internal control. Accordingly, we do not express an opinion on the effectiveness of the Catholic Charities' internal control.

However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. A separate letter dated December 6, 2017 contains our communication of significant deficiencies or material weaknesses in the Catholic Charities' internal control. This letter does not affect our report dated December 6, 2017 on the financial statements of Catholic Charities of Central and Northern Missouri.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with management, and we will be pleased to discuss them in further detail at your convenience, to perform an additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the Catholic Charities, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Kerber, Eck & Braeckel LLP*

St. Louis, Missouri  
December 6, 2017

## MEMORANDUM OF ADVISORY COMMENTS

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### *Promises to Give*

Generally accepted accounting principles requires documentary evidence for promises to give before the promises may be recognized as contribution revenue. We noted that a verbal pledge of \$120,000 was not adequately supported by contemporaneous written documentation. We recommend contemporaneous documentary evidence be maintained for all promises to give and contain, at minimum, the following elements:

- donor's name, address, and phone number
- amount of the promise
- date of the promise and due date(s)
- type of assets to be received
- any conditions or restrictions

### *Contributions Reconciliation*

Contributions are independently recorded in both the donor software and general ledger. We recommend that the amount of contributions per the donor software be reconciled to contributions recorded in the general ledger at year-end to ensure the accuracy and completeness of both records.

### *Salary Authorization*

We noted that formal documentation of pay rates for new hires and pay rate increases for current employees were not always maintained in personnel files. We recommend that written authorization for pay rate changes by the Executive Director be maintained in the personnel files and be updated as changes occur.